

**MINUTES
OF THE WORK SESSION OF THE
EDINA CITY COUNCIL
HELD AT CITY HALL
MAY 3, 2011
4:00 P.M.**

Mayor Hovland called the meeting to order at 4:00 p.m. in the Community Room of City Hall. Answering rollcall were Members Bennett, Brindle, Sprague, Swenson and Mayor Hovland.

Staff attending the meeting included: Jennifer Bennerotte, Communications & Marketing Director; Wayne Houle, Engineer/Public Works Director; Debra Mangen, City Clerk; Scott Neal, City Manager; Ceil Smith, Assistant to the City Manager; Cary Teague, City Planning Director; John Wallin, Finance Director; and Bob Wilson, City Assessor. Consultant Mark Ruff, Ehlers and Associates was also in attendance. In attendance from Simon Properties were John Phipps, Senior Vice President; Laurie Van Dalen, Southdale Mall Manager; and Bill Hammer, Vice President of Development.

SIMON FINANCIAL PRESENTS REQUEST FOR FINANCIAL ASSISTANCE FOR SOUTHDAL CENTER

Mr. Phipps reiterated Simon Property Group's previous written request for financial assistance from the City to help fund improvements at Southdale Center.

Mr. Phipps stated that Herberger's Department Store is moving into the former Mervyn's space, and that interior demolition has begun. He explained that Simon's focus is on improvements that will stabilize the mall. Simon plans to move the food court from the third floor (a "failed model") to the first floor at entrance door #8 (near J.C. Penny's), where it will be "right-sized," have indoor/outdoor seating, and be more convenient for lunch-hour visitors. Permitting and construction will start this summer. Tied to those plans is a relocation of the mall's third-floor food court to the second floor in the JC Penney wing.

A first-floor corridor from Center Court to JC Penney will be relocated from between Ann Taylor and Abercrombie & Fitch to between Ann Taylor and Victoria's Secret.

Mr. Phipps concluded that Simon Properties is asking for City assistance with the cosmetic renovation of Southdale, which will not be income-producing to the company.

Mr. Hammer explained the organization and focus of Simon Property Group and its plans for Southdale. He stated that there is a balance between operating costs, property taxes, retail sales and return on investment. He continued that Simon Property Group had identified several levels of work at Southdale, a \$7.3 million basic level of renovations, \$15 million if "totally enhanced," and \$12.6 million in recommended renovations, "in excess of what Simon Property Group's investment guidelines would permit." He concluded that the funds sought from the City, \$5.38 million, were the difference between the costs of basic renovations and recommended renovations.

Members of the Council suggested Simon Property Group sell a parcel on the site to the City and use the money from the sale to invest in the shopping mall. The City could use the property for a water treatment plant to serve the area or a transit hub.

Ms. Van Dalen discussed the current location of transit facilities at Southdale, desire to relocate those facilities, and other changes made under her management.

Simon officials left the meeting saying they would research the feasibility of a land sale. City Council members stated that their focus was the public benefit of a public investment in a private facility

Mayor Hovland adjourned the meeting at 5:25 p.m.

Respectfully submitted,

Debra A. Mangen, City Clerk

Minutes approved by Edina City Council, May 17, 2011

James B. Hovland, Mayor